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# U.S. Job Duplicated In Mystery Contract

## Mystery Contract Duplicates U.S. Air Force Job in Iran

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A mysterious consulting firm with no known assets other than a Swiss bank account and a Bermuda post office box was the beneficiary of an agreement with the Imperial Air Force of Iran to be paid \$7.7 million between 1973 and 1976.

According to documents obtained by The Washington Post, Management and Technical Consultants Co. Ltd. (MTC) of Hamilton, Bermuda, was being paid to assist in developing a costly weapons system in Iran for which the U.S. Air Force had already been retained as project manager.

The MTC affair raises many questions that Pentagon officials, the Iranian government and U.S. private contractors are unable to answer. It is a new example of the murky private dealings surrounding U.S. arms sales abroad, which have reached a \$12 billion yearly level.

Recent investigations by the Senate Foreign Relations subcommittee on multinational corporations have indicated broad pattern of payoffs to agents and middlemen who helped American contractors secure business in various countries, including Iran.

There is no evidence in the documents that MTC played such a role, although the material contained inconclusive speculation by the shah and U.S. military officials associated with the project concerning the destination of the money.

The purpose of the Iranian contract with MTC, according to the documents, is to help develop an automated supply and logistics system for the shah's modern air force, which has been built during the past four years with billions of dollars in purchases of American jet aircraft and management services.

Pentagon officials say they know nothing about the Bermuda firm or why the Iranian military agreed to pay it \$7.7 million to help develop a complex and costly U.S. weapons system. The Iranian embassy in Washing-

ton confirmed the authenticity of the documents obtained by The Post but had nothing further to say about them.

Particularly baffling is that, at the time the agreements with MTC were made, the U.S. Air Force had already been designated to manage the project. The Air Force will be paid \$16 million for its services.

In addition, Lockheed Aircraft Corp. was awarded a \$138 million contract last month as the private contractor for the supply and spare parts program, known as Peace Log. The Lockheed contract is expected to grow to \$350 million over six years.

All efforts to track the purpose or final destination of the \$7.7 million end at the doorway of the Chase Manhattan Bank, 63 Rue de Rhone, Geneva, Switzerland.

That is where the money was sent in monthly installments under two separate contracts signed by an Iranian air force general. The checks were addressed to the bank in care of a "Mr. Turrettini," according to copies of the contract.

Officials at the Chase Manhattan Bank in New York confirmed that an Olivier Turrettini was an officer of the Geneva bank but resigned 18 months ago. A reporter has been unable to locate him.

The Chase bank in Geneva is not a branch but a wholly owned subsidiary of the U.S. Chase bank. Under Swiss law it is subject to all the secrecy laws of a bank there with no U.S. affiliation.

The trail also ends in Bermuda at P.O. Box 1179, Reid House, Church Street in Hamilton where MTC receives its mail.

This is the same post office box used by another firm called Universal Aero Services Co. (UASCO). Rockwell International agreed in 1973 to pay \$4.5 million to UASCO as a secret agents' fee or sales commission for assistance in obtaining the major contract on the CIA-managed \$500 million electronic surveillance border project in Iran called IBEX.

The Peace Log project was conceived after the May, 1972, decision by then-President Nixon to sell advanced fighter aircraft, either the F-14 or F-

15, to Iran. Committed to spend billions on the planes, the shah and his generals determined that an equally advanced supply system had to be developed to keep the planes in spare parts.

In September, 1973, according to the documents, the commander of the U.S. Air Force Logistic Command (AFLC), Gen. Jack J. Catton, and the head of the Imperial Iranian Air Force, Gen. Mohamad Khatami, signed an agreement for the AFLC to review the Iranian logistics organization.

Catton resigned in 1974 from the U.S. Air Force and went to work for Lockheed. He said in an interview that he had nothing to do with winning the \$138 million contract so Lockheed. Khatami died a year ago in a flying accident.

The AFLC review was part of the U.S. foreign military sales program, in which the U.S. military services are mandated by law to act as middlemen between U.S. contractors and foreign governments. Such Defense Department supervision is designed to bring control over the sale of sensitive military hardware abroad.

A month after the initial agreement, which was public and above board, the Iranian Air Force signed a secret agreement with MTC in Bermuda to pay \$4,030,400 for assistance "in converting a manual logistic system to an automated logistics system," according to the contract.

Payments were to be spread over two years from Oct. 20, 1973, to Oct. 19, 1975, and were to be made to Turrettini at the Geneva bank.

The names of the individuals signing the 12-page agreement cannot be determined on the photostat copy obtained by The Post. No one involved in the Peace Log project can identify any service that MTC may have performed.

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